

Message Text

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ACTION AID-59

INFO OCT-01 EA-11 CIAE-00 COME-00 EB-11 FRB-02 INR-10

NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 CIEP-02 LAB-06

SIL-01 OMB-01 DODE-00 PM-09 H-02 L-03 NSC-10 PA-03

PRS-01 SS-15 USIA-12 RSR-01 ADP-00 SR-02 ORM-03 /185 W
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R 270409 Z APR 73

FM AMEMBASSY MANILA

TO SECSTATE WASHDC 4778

C O N F I D E N T I A L SECTION 1 OF 2 MANILA 4840

E. O. 11652: GDS

TAGS: EAID, PINT, RP

SUBJECT: US ASSISTANCE TO MINDANAO MUSLIM DEVELOPMENT
PROGRAM

REF: MANILA 3260

BEGIN SUMMARY: I BELIEVE THE USG COULD MAKE A VERY
USEFUL AND IMPORTANT CONTRIBUTION TO STABILITY IN THE

PHILIPPINES BY ENCOURAGING AND ASSISTING GOP IN ITS
EFFORTS TO ACCELERATE ECONOMIC AND SOCIAL DEVELOPMENT
OF MUSLIM AREAS IN MINDANAO AND SULU STRAITS REGION
AND THEREBY ATTACK SOME OF ROOT CAUSES OF PRESENT
INSURGENCY THERE. GOP COMMITMENT OF MAJOR ADDED
RESOURCES THIS AREA WOULD ALSO BE NEEDED AS CONCRETE
DEMONSTRATION OF GOVERNMENT'S CONCERN. WE HAVE PREPARED
PROGRAM TO UTILIZE \$10 MILLION SUPPORTING ASSISTANCE
OR OTHER AID FUNDS WHICH WE BELIEVE SHOULD
BE OFFERED PROVIDED IT WOULD AT LEAST BE MATCHED BY
GOP FUNDS. ADMINISTRATION OF THE PROGRAM WOULD BE
PATTERNED ON THE SUCCESSFUL JOINT TASK FORCE AND
REIMBURSEMENT CONCEPTS USED IN FLOOD REHABILITATION
PROGRAM. ACTION REQUESTED: DEPARTMENT AND AID/ W
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CONSIDER PROPOSED PROGRAM WITH VIEW TO MAKING SA OR
OTHER FUNDS AVAILABLE AS SOON AS POSSIBLE. END SUMMARY.

1. WHILE MILITARY ACTION CONTINUES AGAINST MUSLIM
INSURGENTS IN MINDANAO AND SULU AREAS, A PARALLEL
UNDERTAKING IS BEING ATTEMPTED BY GOP TO ATTACK SOME
OF ROOT CAUSES OF INSURGENCY THROUGH MEASURES TO
ACCELERATE ECONOMIC AND SOCIAL DEVELOPMENT. EXEC SECY
MELCHOR HAS TAKEN LEAD IN ORGANIZING A TASK FORCE ON
MUSLIM DEVELOPMENT (REFTEL) TO COORDINATE THIS DEVELOP-
MENT EFFORT. I HAVE BEEN IMPRESSED BY HIS INITIATIVE AND
RESOLUTENESS IN PURSUING THIS COURSE AND BELIEVE WE
SHOULD GIVE HIM AS MUCH ENCOURAGEMENT AND ASSISTANCE
AS POSSIBLE WITHIN SCOPE OF OUR OWN RESOURCES, TO BE
MADE AVAILABLE AFTER CAREFUL PLANNING AND AGREEMENT ON
AIMS TO BE SERVED. CONDITION OF SUCH US ASSISTANCE MUST
BE AT LEAST MATCHING INCREMENT IN GOP FUNDS.
GOVERNMENT THEREBY WOULD DEMONSTRATE ITS CONCERN WITH
EQUITABLE TREATMENT OF MUSLIM AREAS.

2. CLEARLY A POLITICAL ACCOMMODATION BETWEEN GOP AND
MUSLIM DISSIDENTS MUST BE REACHED IN ORDER TO REOPEN
AREAS OF INSURGENT CONTROL AND RESTORE PEACE AND ORDER
IN THE AFFECTED REGION. MOREOVER, PROBLEM OF FAIR LAND
OWNERSHIP POLICIES MUST BE TACKLED, AND MISSION WILL
SEEK TO ENCOURAGE THIS DEVELOPMENT. NEVERTHELESS, I
FEEL THAT A SIGNIFICANT GOVERNMENT DEVELOPMENT EFFORT
WILL BRING IMMEDIATE BENEFITS BY DEMONSTRATION OF A NEW
CONCERN WITH EQUITABLE TREATMENT OF THE MUSLIM AREAS
AND WILL BE AN IMPORTANT ELEMENT IN A LONG- RANGE
SOLUTION OF THE INSURGENCY AND SEPARATIST PROBLEM.

3. WHILE BOTH FINANCIAL AND POLICY CONSIDERATIONS
HAVE LIMITED OUR RESPONSE TO GOP' S URGENT REQUESTS FOR
ADDITIONAL MAP SUPPLIES TO SUPPORT AFP IN CONTROLLING
SPREAD OF MUSLIM DISSIDENCE, I FEEL THAT OUR
RESPONSIVENESS TO THE NEED FOR ECONOMIC SUPPORT WILL
PAY IMPORTANT DIVIDENDS IN OUR RELATIONSHIP WITH THE
PHILIPPINES AND ITS LEADERS.

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4. MINDANAO HAS A HIGH POTENTIAL FOR ECONOMIC
ADVANCEMENT, ESPECIALLY IN AGRICULTURE, MINING AND
FOREST PRODUCTS. THE GROWING INDUSTRIAL COMPLEX IN THE
ILIGAN AREA IS ALSO SIGNIFICANT NOT ONLY TO THE REGION
BUT TO THE ENTIRE COUNTRY. THE POTENTIAL FOR GROWTH,
PARTICULARLY IN THE WESTERN AREA, HAS BEEN RECOGNIZED
BY THE WORLD BANK AND ADB WHICH HAVE MADE SIGNIFICANT
LOANS IN RECENT YEARS FOR HIGHWAY, PORT, AND ELECTRIC

POWER DEVELOPMENT. THESE LONG- TERM INFRASTRUCTURE PROJECTS SHOULD BE SUPPLEMENTED, HOWEVER, BY IMMEDIATE AND MEDIUM- TERM PROJECTS TO BRIDGE THE GAP UNTIL THEY ARE COMPLETED AND, INDEED, TO MAKE FULL USE OF THE NEW FACILITIES AND BRING THEIR BENEFITS TO THE GRASS-ROOTS LEVEL. THE USAID TEAM WE HAVE IN PHILIPPINES TODAY IS AN IDEAL INSTRUMENT TO EMPLOY-- IT IS NOW WORKING SUCCESSFULLY ON JUST SUCH PROGRAMS IN OTHER PARTS OF THE PHILIPPINES.

5. WITH THE FOREGOING FACTORS IN MIND, WE PROPOSE A PROGRAM DIRECTED TOWARD A REGION INCLUDING BUT NOT LIMITED TO THE PROVINCES OF LANA DEL NORTE, LANA DEL SUR, COTABATO (NORTH), ZAMBOANGA DEL NORTE AND ZAMBOANGA DEL SUR, SULU. THESE PROVINCES CONTAIN A MAJOR PERCENTAGE OF THE COUNTRY' S MUSLIM POPULATION.

6. I HAVE ASKED MY STAFF (A) TO OUTLINE THE BEST PATTERN OF USES FOR THE FUNDS WE ARE REQUESTING TO HAVE MEANINGFUL ECONOMIC DEVELOPMENT IMPACT AT THE GRASS-ROOTS LEVEL, AND (B) TO GIVE PRIORITY TO PROJECTS AND ACTIVITIES WHICH ARE WELL ENOUGH DEVELOPED AND UNDERSTOOD TO PERMIT NEARLY IMMEDIATE IMPLEMENTATION. THE LIST BELOW ESSENTIALLY MEETS THESE CRITERIA, AND THE INDICATED COSTS CONTEMPLATE GOP MATCHING OF OUR INPUTS.

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